

Reps. Campbell, Ackerman Introduce Bipartisan Bill to Extend Conforming Loan Limits

H.R. 2508, The Conforming Loan Limits Extension Act Would Maintain Financing for Homebuyers

With the GSE and FHA loan limits scheduled to adjust downward from \$729,750 to \$625,500 this fall and the private mortgage market still recovering, Representative John Campbell (R-CA) and Representative Gary Ackerman (D-NY) have authored a two year extension to keep conforming loan limits at 2008 levels. Introduced this week, H.R. 2508, the Conforming Loan Limits Extension Act would safeguard access to GSE and FHA financing for thousands of qualified homebuyers and maintain equitable availability of these loans across the diverse housing markets in the United States.

Numerous industry reports have forecasted severe economic downturn should the conforming loan limits scale back as planned, some predicting 669 counties across 42 states will be significantly affected by this change in loan limits. The nationwide average decline in these loan limits would be greater than \$68,000, making ineligible 27% of all owner-occupied homes in the United States for GSE financing and more than 59% of all owner-occupied homes for FHA financing. The National Association of Home Builders recently estimated that 17 million homes in the United States will become ineligible for consistently available funding if the maximum mortgage limit is reduced.

“Housing makes up one sixth of the American economy and is a key component to our economic recovery,” said Campbell upon the bill’s introduction. “H.R. 2508, the Conforming Loan Limits Extension Act, will ensure that qualified homebuyers in this country continue to have access to the financing they need at a time when there are few alternatives. This will not only help to stabilize home prices, but would also provide for continued recovery in the broader economy.”

“The housing market does not need to a self-inflicted wound,” said Ackerman. “With the economy remaining fragile and the housing sector still struggling to recover, now is not the time to make the cost of mortgages more expensive. Reducing the conforming loan limit would hurt home values, increase the cost of down payments and interest rates, and shut prospective buyers out of home ownership. It is essential that we continue to do all that we can to stimulate

our economy and keep these mortgage limits in place to ensure that the housing market remains on the delicate road to recovery.”

H.R. 2508 has been referred to the House Committee on Financial Services. Both lawmakers have expressed an expectation for a hearing before October 1.

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